

# COST *and* MANAGEMENT

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# • EDITORIAL •

## Time for a Show Down

Prime Minister MacKenzie King has now returned from his trip to Britain and probably has some new ideas as to how far we ought to go in connection with our war effort. We have no patience with those who feel that we are doing exactly nothing and that the government is to blame for everything, but we do think that it is time for a show-down in several respects. Strikes in war industries and otherwise continue unabated and Trades Unions continue to flaunt the expressed wishes of the government that they cease their agitations and get back to work. Isn't it high time that strong action was taken in this regard? Certainly public opinion, so far as we have been able to gauge it, would welcome such a procedure. It is difficult to say exactly what should be done to remedy the situation but we believe that one answer is conscription. The two things may not appear, on the surface, to have very much in common but they do. For one thing, conscription would do much to bring home to all Canadians that the situation is far more grave than many of them seem to think. We hesitate to think that the present epidemic of strikes is an attempt to sabotage the war effort but rather lean to the belief that it is an attempt by labour to get its bit while "the getting is good". Maybe some of those who are so prone to strike and to "let down" the forces, would hesitate if they were confronted with the alternative of serving with the forces at the princely sum of \$1.30 per day with all found. Isn't it time, too, for a show down on this conscription issue? Recently a war services board in the west refused permission for six young hockey players to play in the U.S. during the coming winter on the grounds that "they would make good soldiers". That applies not alone to hockey players and if it is the intention of the government to leave it strictly up to the conscience of the individual then why in heaven's name pick on hockey players? After all, they do the country some good in the way of providing extra U.S. currency whereas others do the country little, if any, good as matters stand. The point is that one type of profession should not be singled out but that, if the need is so great and so urgent, the government should adopt some other method of obtaining recruits than that of going around with cap in hand begging for young men to join the services.

We are firmly of the opinion that, (1) It is high time that some drastic action be taken to put a stop to these continued strikes, and (2) that it is also high time that the government quit temporizing with the feelings of some people and institute a system of compulsory military service if we actually do need men. After all, if a man is not willing to serve his country

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in time of need he is not entitled to the benefits he enjoys as a citizen of that country.

What's that, you say, what has all this to do with costs? Plenty, brother, plenty. Just stop to figure how much more economical it would be to obtain the men needed by a compulsory system than it is by constant radio and newspaper appeals and how much money is lost to the country by these continued strikes and then you will say with us, IT IS TIME FOR A SHOW-DOWN.

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## Across the Secretary's Desk

During the past week or two I have had the opportunity of conferring with the directors of Windsor, London, Kitchener, Niagara, Hamilton and Ottawa Chapters in connection with the programs for the coming season and in connection with student work in those centres and it has been a most inspiring experience. Without exception, these chapters have shown remarkable enthusiasm which bids fair to record a most eventful season in the history of the Society.

The programs will be diversified and enlightening and most chapters will start with a discussion meeting on how the work of Accountants and Payroll men may be lightened in connection with their work on the Unemployment Insurance Act. Undoubtedly there are many minor changes which can be suggested without disturbing the present structure of the Act which would make the work easier and we want suggestions in this connection.

Student work will be standardized throughout Ontario and a splendid program of study is being arranged. Our student membership should grow by leaps and bounds as a result and students should be much better prepared to write our examinations in the future. This is as it should be because after all the primary reasons for student membership are to fit such members for the future and as a basis for future senior membership. As a matter of fact, I have always taken the view that the real future of our Society lies in the formation of a strong student membership. This does not mean that we should neglect to add senior members whenever possible but it does mean that we must plan for student education as never before and I believe we are on the right track.

Since the last issue of "Cost and Management" I have had a call from one of our Fort William-Port Arthur members in the person of Carl Meyer. Carl has been a member since the inception of this chapter and is at present in Toronto, where he hopes to be permanently located. It was nice to see him and to talk to him for some considerable time. In fact, it is always nice to have a visit from members, whom one meets so seldom. One of the bright features of this job is that members from out of town feel that they can drop in whenever they are in this vicinity. May it always be so.

R. D.

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### CORRECTION

In the last issue of "Cost and Management", we referred to Mr. Elderkin, of Montreal, as P. C. Elderkin, a member of the Unemployment

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Insurance Commission. This should have read, C. F. Elderkin, C.A., a member of Haskell, Elderkin & Co., Montreal. Mr. Elderkin has been acting in the capacity of advisor to the Commission and we are pleased to make this correction.

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## New Members

### Montreal Chapter.

Jean Brunelle, L. Villeneuve & Cie Ltee, Montreal.  
T. W. McLean, Aluminum Co. of Canada Ltd., Arvida, Que.  
B. H. Galbraith, T. McAvity & Sons Ltd., Saint John, N.B.  
Alan W. Bell, P. S. Ross & Sons, Montreal, Que.

### Ottawa Chapter.

L. L. Tobin, International Business Machines Ltd., Ottawa.  
R. V. Conlin, Burroughs Adding Machine Co. of Canada Ltd., Ottawa.

### Niagara Chapter.

Charles I. Little, Burgess Battery Company, Niagara Falls.

### Toronto Chapter.

H. V. Summers, The Glidden Co. Ltd., Toronto.  
V. Downer, Sun Tested Wallpapers Ltd., Toronto.

### Windsor Chapter.

G. H. Simandhl, Libby, McNeil and Libby of Canada Ltd., Chatham.

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## Literature Received

### The St. Lawrence Waterway.

The Index.

A clear cut exposition of the merits and demerits of the St. Lawrence Waterway project.

### The Supply Inventory and Its Control.

N.A.C.A., August 1.

Points out the urgent need for classification, control and valuation of inventories of supplies.

### The Problems of Merchandise Control in a Department Store.

N.A.C.A., August 15.

A complete and interesting article not alone for those engaged in Department Store Accounting.

### Some Features of the Constant Wage Plan.

N.A.C.A., August 15.

An interesting example of the application of this plan permitted under Fair Labor Standards Act of 1938 in the United States.

### Accounting for Excess Labor Costs and Overhead Under Conditions of Increased Production.

N.A.C.A., August 15.

A most comprehensive article compiled by the Research and Technical Department of the National Association of Cost Accountants.

## WILL THE WAR AFFECT COST ACCOUNTANCY?

Depreciation. Parts I. and II.

The Accountant, August 9 and 23.

Parts I. and II. of a most interesting article on a most interesting subject.

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## Will The War Affect Cost Accountancy?

By G. H. GREGORY

(A Lecturette to the New South Wales Division of The Australian Institute of Cost Accountants)

(Reprinted by Kind Permission of The Australian Accountant)

Facts which have been predominant in my mind when drafting this short article on Cost Accountancy, in the light of conditions as we know them, are:—

- (1) That I am addressing a gathering of Accountants and figure men,
- (2) That there is a paramount need to establish the Cost Accountant in industry,
- (3) That Accounting terminology has been very cruel to some Cost Accountants whose work is not Cost Accountancy, but Control Accountancy, and much confusion is being caused by this fact.

Therefore, in any suggestions which are made, naturally I must keep to facts which are within your scope and power to consider.

There is no doubt whatever, that Cost Accountancy has a tremendous future, in fact, in time there will be no manufacturing business operated without its aid. The War will call for unity and closer co-operation between practical and theoretical minds in industry, and Cost Accountancy will supply this need.

The War has materially affected the outlook of most manufacturers. The manufacturing industry in this country has been called upon to handle a far greater volume of trade than would have been thought possible several years ago.

In fact, it is not unlikely that we will be called upon to manufacture for export those commodities which have been classified "luxury goods" in England, and have accordingly had to give way to war-time needs.

Contracts which have been placed abroad by other countries may drift our way. This is extremely likely, more particularly, as America is so busily engaged in producing the war-time needs of the Empire. So are we, for that matter, but America is closer to England than we are, and shipping these days is a matter which must be brought into consideration.

A practical instance of this is given in the large order for boots recently placed in Australia by the Indian Army.

Imagine the cost recording, material control, accounting for labor and distribution of overhead—(for we must run our country's manufacture economically), for producing 40,000 pairs of boots per week by our shoe manufacturers, in addition to a normal production and our own army requirements.

In our machine shops, munition factories, and in every branch and

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avenue of production, whether it be hardware, soft goods or foodstuffs, the wheels of industry are revolving at an ever-increasing pace.

If it is likely that we will be called upon to supply, unaided, the entire fighting forces of South Africa, India, Malaya and New Zealand, in addition to our own standing armies in Malaya and equip our own Home Defence forces, imagine what manufacturers have to face. With the present output of our factories, and our existing organization for its economic control, such an order as this could not possibly be handled. For it must be borne in mind that workers must be clothed, they must eat, they must have relaxation, and our imports are negligible.

All this must be accomplished notwithstanding labor difficulties and it would seem to me that, if the war continues for a long time, we will be forced here, as has been the case in England, to substitute war production for work of a less important or luxury nature, and place womenfolk into jobs which hitherto have been classified as men's jobs.

There are several aspects of industry which should be borne in mind by all those who associate themselves with Cost Accountancy and Production Control, whether they be Engineers or Accountants, and that is:—

That after the war there will in all probability be more people in Australia than before, and this will call for an expansion of our peacetime secondary industries.

That it is obligatory for those who are not directly connected with the fighting forces to keep abreast of modern methods of control in industry so that we may achieve the utmost results from the efforts of labor.

That at some subsequent date, many industries which are working now at full pressure, will not continue to be doing so, and that others which are not now existent will come into being. To meet this eventuality, a vast store of knowledge will need to be built up and maintained in the interests of industry, its future proprietors, and the employees.

The remarks submitted are intended to convey the fact that Cost Accountancy has a future. It is a new science of which far too little is known, in fact, it can be definitely said that those who are exploring its many intricacies are doing so under extreme difficulties. Cost Accountancy has not yet attained a satisfactory place in industry. The Cost Accountant to-day is no more than the Cost Clerk—if he has executive authority, he would in all probability be known according to some other title. Cost Accountants are partly Accountants, and partly Engineers, with a tremendous spattering of something which is very practical. Too much theory in Cost Accountancy defeats its worth and makes it what is now only too often referred to as too impracticable.

The War will do much to establish a place in industry for the Cost Accountant. The need for maintaining production notwithstanding the depletion of staffs will lead management to think in terms of production control and, hence, Cost Accountancy. The work of the Cost Accountant is intermingled with that of the Production Manager of Factory Superintendent, and it is just this overlapping which must be faced by those who endeavor to establish the Cost Accountant, for overlapping of duty or responsibility means dual control, and this is not conducive to the further-

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ance of a business. I cannot agree that the Cost Accountant could ever be part of the factory staff, nor can I agree that it is right to release a purely figure man into the factory. The Cost Accountant is an office man (in the sense that "office" means more theoretical than practical), carefully selected, and it is his duty to report to the management on the position as he finds it, rather than to attempt himself to rectify it, or to criticize the methods which are adopted to achieve the standard requirements. He is interested in the margins created between the Actual and the Standard, and if he frames his reports and groups his figures correctly he will automatically mould the whole procedure to his requirements and a satisfactory result will be ensured.

Cost Accountancy does more than direct a policy, it measures the anticipated requirements of its policy with the actual facts and then reconciles the whole position to the Profit and Loss account and the Balance Sheet. Cost Accountancy is the link between the practical application of theories and their result expressed in terms of Profit or Loss.

It is the gradual realization of the need for a more practical training to meet the ever-increasing demand for more and more efficiency in industry which has prompted the University in connection with its establishment of a chair for "business management." You will probably remember the excellent series of lectures which were given under Professor Mills' direction last year. The Cost Institute and the Commonwealth Institute of Accountants have arranged lectures on Cost Accountancy and Budgetary Control for their members and students.

To a gathering of commercial men, it seems hardly appropriate to say that Cost Accountancy is principally the concern of the professional Accountant. However, this is actually how I view this matter. There are three distinct approaches to Cost Accountancy, they are—reorganizing preparatory to installing, installing, and maintaining the system once installed.

Quite recently, I published a book on Standard Cost Accounting and, in reviewing the book, the Australasian Manufacturer (which is purely an engineering publication), said:

We would join issue with Mr. Gregory when he advocates that a Cost Accountant's authority should not be subordinate to the Factory Manager, etc. Such implications that he should have authority to over-ride key-men of the Factory is open to considerable criticism, etc. Outstanding aptitude towards Engineering and Accountancy is seldom found in one individual. The most desired effect should exist when comparative authority does not enter into the picture. This idea of subordination among subordinates savours grotesquely of that same officialdom which seems necessary to clothe Company Auditors. It is unpalatable.

To which I answered in the Australasian Manufacturer under date, April, 1940:

The Cost Accountant who installs a system is not usually the man who maintains it. For him, Cost Accountancy can be regarded in no other light than that of a declining industry, because the more perfect the system he installs, the less Cost Accountancy there is to be done. To liken his semi-officialdom to that of the Company Auditor, is, in my opinion, to hit the nail on the head. The installation of Standard Cost Systems is essentially a matter for the Professional Accountant. The Cost Accountant, who main-

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tains a system once installed, could hardly be placed directly subordinate to the Factory Manager, for is it not the reflection of this executive's work which his figures are intended to prove or disprove? Is he not more or less carrying out an audit of the Factory procedure along lines which have already been predetermined?

Mr. A. A. Fitzgerald, in his review in *The Australian Accountant*, says, in referring to the above:

The point is one of considerable importance. Unquestionably, team work in a business is a vital ingredient of efficiency, yet it is surely not made unattainable by a definition of responsibilities. And it is certainly true that the most valuable work of the Cost Accountant is that which is in essence an audit of the Production procedure.

There are a number of other matters dealing with the link between the Cost Accountant and the Accountancy profession, some of which are included in my letter to the Editor of *The Chartered Accountant in Australia* and published in December of last year.

You will observe that it is ever in my mind that the Cost Accountant and Cost Accountancy as a profession should be recognized and established even though due to the War and other difficulties which exist at the present it may not be possible to go further than this.

A system of Cost Accounting will not in itself make profits—profits are merely the difference reflected in the Balance Sheets of two periods. What the system will do, if it is properly directed, is to provide some basis which can be used by management to ensure that the most satisfactory results are obtained.

It is my opinion that the Cost Accountant in the early stages of his work should be more or less independent of his employer because he may lose confidence due to criticism which in reality is not merited. A management does not usually employ staff with no particular designation (and that is the position of a Cost Accountant to-day) to advise them how to direct their own policy, but they are quite accustomed to the Auditor lending a helping hand.

As it is at present, there are few professional Accountants who could devote any time whatever to consider anything more than how to maintain their clients' ordinary audit work. Depleted staffs have caused Accountants considerable concern, and I am inclined to think that much of what we consider should be done will in reality not be done at all because of this fact.

From my own practical experience as Accounts Manager of one of the large factories in this State, I say, unhesitatingly, that the effect of the War on the Cost Accountant is to render it almost impossible for him to do otherwise than carry on as before. The difficulty of filling positions as they become vacant is increasing, and will continue to increase. Notwithstanding this, as I have already pointed out, the importance and volume of his work must go on.

This leads us further to consider the extreme difficulty which will be experienced by the many large-scale war-time manufacturers now coming into existence. We, as Accountants, are beginning to know the importance of Manufacture as we never knew it before. Our Munition and Aircraft factories are a revelation—they provide considerable matter for thought.



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Whoever could have anticipated several years ago that thousands of Australians would have been engaged in the manufacture of Aircraft within several years?

Having linked industry and Cost Accountancy, we might now pause to consider those unfortunate men among us who have had their Cost Accountancy studies so materially upset either through enlistment or home training camp. Not only are they in trouble with their examinations but their work is of a type which calls for close, careful and continuous concentration. If it is necessary to replace them, which it undoubtedly is, while in camp, then much of their future planning has been lost. The significance of this remark will be realized when one considers that planning is nothing more or less than estimating or anticipating future results.

As the Cost Accountant usually divides the compilation of Cost between the elements of Material, Labor and Overhead, we might now consider briefly how the War will effect these elements of Cost from the point of view of figure control.

**Material**—upset and delay in supply of material, substitution and constant variation in price, seems to be the main difficulty to be surmounted by the Cost Accountant.

In some industries there has already been a considerable change-over of the operations. Take for instance, the tailoring trade, where the difficulty of obtaining a constant supply of material meant that the ordinary production of overcoats and suits has been materially affected in favor of garments to be made up from military cloth. The cloth is different, the method of obtaining and handling it is different, and the operations are different. This indication is only one of thousands, but in each case the whole of the structure controlling material and its use must be brought into line with present requirements.

When anticipating costs and planning production, the Cost Accountant, naturally, must depend to a certain degree on things happening to plan. Material in war-time is usually scarce and in some instances, not procurable, so that all this and more, must be taken into consideration, otherwise the policy and procedure may drift a long way. Because of the necessity for employing new and probably inexperienced hands, the quantity of waste material will need careful scrutiny. If expenses are absorbed according to a percentage of the material cost, then it should be seen that the amount per cent. is varied according to circumstances. A very careful watch on the control and use of supplies and spare parts will be necessary due to the almost impossible task of replacing them. Delay in repairing plant will tend to reduce output or, on the other hand, will increase cost by overtime to ensure ultimate capacity. Material is one of the most important factors for consideration by the Cost Accountant at any time, for without material there could be no labor effort.

**Labor**.—A scarcity of skilled labor and, for that matter, also the difficulty of getting unskilled labor, may tend to slow up production and thereby create increased back orders. This position is accentuated by the fact that production itself is usually broken up into separate jobs or lots, each probably calling for prior attention, and each probably calling for a certain required distribution of skilled and unskilled labor.

Overtime plays a big part in the speeding up of production but, in this

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connection, it must be remembered that it fatigues the workers and that is just what we do not want to do at the present time. Although it is a very difficult matter at the present time to abolish overtime, it must be remembered on the part of the management that long hours of close concentration lead to depression. From the point of view of the workers' earnings, it must be remembered that if he is continually working overtime, he is being paid at a higher rate than would apply in the event of an ordinary 44 hours' week. Overtime costs time and a half in the majority of instances and this may increase to double time—tea money in some instances has also to be paid, and in the case of junior workers the amount of tea money may closely approach the total cost of overtime incurred.

It will be seen how obligatory it is upon management to adopt a carefully-planned procedure, otherwise we may find industries expanding, probably unnecessarily, and probably without a reasonable chance of obtaining labor for the new work.

In this connection the Cost Accountant can be of tremendous value because he really stands between the workers and the management, and the management needs the confidence of the workers.

It may be opportune here to explain to you that Cost Accountancy provides a means of management to manage by a study of variations only. In the light of modern methods and with an ever-increasing call on the attention of those in charge, it becomes an essential feature of management that only those factors which vary from a given policy or line of procedure should be brought forward for final consideration. The procedure itself can be defined as the policy and this is usually otherwise controlled. The Cost Accountant will take a very large place in setting up the standard of requirements and for this reason there will be an ever-increasing responsibility in connection with his performances.

Bonus systems as an incentive to workers are usually sought after whenever a speeding up of production is desired, but here again considerable thought and precaution needs to be adopted, otherwise the bonus system may do more harm than good. For instance, there is frequently an antagonistic attitude on the part of trade unions to a bonus system; the system must appeal to the unions as well as being endorsed by the employees. Considerable knowledge is needed by the man who is to direct the installation of a wage incentive system, a knowledge which will enable him to set up conditions which result in maximum benefits to the employer and the employee. The conditions should enable the worker to see that definite rewards and accomplishments follow regularly as the result of hard and efficient work.

**Overhead.**—Considerable caution should be exercised when spreading the overhead, not only to make sure that there is an equitable spread but also to know that it is adequate. The majority of items which usually come under the heading of overhead are constantly increasing in cost in war-time, and the Cost Accountant should not lose sight of this fact. If the overhead is absorbed into Cost as a percentage of Labor cost then adequate precaution must be taken to ensure that it is not unduly increased because the same percentage is being worked on a higher basic figure.

This matter is one which requires the very careful attention of management at the present time, due to the operation of the Price-Fixing Commis-

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sion. Manufacturers need to watch very carefully that any reduction in the rate for variable overhead takes full cognizance of proportionate increases in the overhead itself due probably to the fact that much of the overhead may represent indirect wages, etc. As the volume increases, so must the fixed expenses proportionately reduce when expressed in terms of the unit produced. We have already instanced the boot manufacturers—no doubt, their considerably increased volume will mean proportionate reductions in rate of overhead per unit, particularly as this trade is one wherein machinery takes an important part. All these, and many other matters, need careful watching by the Cost Accountant. Budgeted estimates of expenditure should be carefully followed in order to know that the actual outgoings do not exceed the total amount allowed and provided for in costs to cover overhead.

From the above more or less brief remarks you will have gained the impression that Cost Accountancy has a tremendous future. This is the intention which I intend to convey, for I feel that it must have greater support if it is to be successful and I consider that Cost Accountancy for Australia is a national necessity. I would also stress the point here of a need for a carefully planned investigation into the best methods for approaching Cost Accountancy from the point of view of the individual and I think that this investigation should be sponsored by several of the leading Accountancy Institutes working in conjunction. This we owe to those who are away now, and the many more who will be going, as well as those who are otherwise occupied on war work, but who later on will be back to carry on in industry. It is our duty to establish the Cost Accountant in industry as soon as possible.

A suitable control of Income Tax was deeply rooted into the Accountancy profession as the result of the last war. Up to date it has not been generally realized that Cost Accountancy will replace Income Tax this time.

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## Cost Accounting for Spruce Lumber Manufacturers

A Thesis Submitted by

NORMAN GENDREAU

In Connection with the Society's Examinations

### OUTLINE

- 1—Introduction.
- 2—Manufacturing Processes.
- 3—Cost Accounting for—
  - A: Labor.
  - B: Stores.
  - C: Manufacturing Expense.
  - D: By-Products.
- 4—Production Reports.
- 5—Depreciation and Depletion.
- 6—The Budget.

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7—Manufacturing Statements.

8—Operating Ledger Accounts.

### 1. INTRODUCTION

This thesis describes the cost system of a spruce lumber manufacturing company which owns three saw-mills located in Eastern Canada. The region in which the company operates is mentioned here because the practices in the various branches of the business, and in various localities, are numerous, and widely divergent, due largely to the kind of timber available, the topography of the land on which it grows and the method used in transporting the logs to the mill.

In this detailed description of the system only one division of the company's operations is dealt with. The company operates in widely separated localities and a separate series of accounts is kept for each division.

Lumber manufacturing is one of the oldest industries in this country. Our forefathers, upon landing on these shores, immediately began lumbering operations. That necessity of life, shelter, had to be provided. Their operations were necessarily crude, limited in the main to the felling of trees for the purpose of providing logs for cabins and stockades, split shingles for roofing, hewn boards for floors and a few articles of furniture.

Before entering into a discussion of the various phases of cost-finding, it may be well to inquire into the uses made of the raw material—wood. Wood, because it is easily worked and handled, was the principal construction material of the pioneers. The same qualities to-day make it one of our most widely used products. We are all familiar with its uses as lumber in construction work and as interior trim. In addition to its use as a structural material, large quantities of wood are used for railway ties, pulpwood, mine timbers, fencing, poles, veneers, cooperage, piling, tanning, distillation, and as a fuel. This list is by no means complete but serves only to emphasize the diversified utilization of this natural resource. This paper is concerned with only one of the uses, namely, the production of spruce lumber for common commercial uses.

### 2. MANUFACTURING PROCESSES

Lumber manufacturing is a continuous process industry. The process cost system is required because the raw material—the wood—passes through the various operations until the finished product, lumber, emerges ready for shipment. Manufacturing does not consist of making any changes in the raw material itself, but it puts the wood into a form that will be adaptable for ready use.

The principal physical processes of our lumber plants may be divided into the following:—

#### Logging:

- Felling.
- Cutting.
- Skidding (includes piling on skidways).
- Scaling (log scale).
- Transportation.

#### Sawing:

- Elevating (includes pond or yard operation).
- Sawing (rotary saw).
- Edging.

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End trimming.  
Grading.  
Scaling (board measure).  
Transportation to main yard.

### Yard:

Receiving.  
Resawing.  
Stacking.

## LOGGING

**Period of Logging.**—The operations are usually conducted in the fall and early winter when conditions are ideal for the maintenance of snow and iced roads for sled hauling.

**Felling.**—The timber is felled with the saw and axe. After the trees are felled they are cut into standard lengths, the logs are trimmed of their branches and cut off at the top at a point where they become too small to make good lumber.

**Skidding.**—The logs are hauled out by means of chains and dragging paths, and decked on skidways along sled roads.

**Scaling.**—When a skidway is completed the logs are scaled and a record is made of the footage (log scale).

**Transportation.**—The logs are transported from the skidways to a roll-way at the mills on sleds drawn by horses. In the case of water driven wood, the logs are transported to landings on the banks of a stream.

## SAWING

**Period of Sawing.**—Two of our mills operate in the winter, the other is a summer mill.

The saw-mill is a two-storey building in which the power plant, line shafting and drive pulleys are on the ground floor, while the saws and machinery occupy the second storey, to which the logs are raised on an inclined plane. There runs up the middle of the inclined plane an endless chain provided with "dogs" or spikes, and each log is poled to the end of this chain until it is firmly gripped by the dogs. When the log reaches the top of the plane it is rolled down another incline running parallel with the chain, known as the log deck. The logs are rolled on the log saw carriage and sawn into boards and deals. The lumber then goes to the edger saws where the bark and other edges are squared off. It then passes laterally through cut-off saws, which trim and square the ends. At this point a grader marks and tallies the lumber.

On winter operations the lumber is stacked in the saw-mill yard. The lumber is loaded on cars, or on trucks, and hauled to the main yard during the summer where the deals are resawn and the lumber is stacked according to grade and size. The lumber sawn during the summer is loaded on cars directly from the trimmer saws and hauled to the main yard.

## 3. COST ACCOUNTING

Cost accounting has not been established in the lumber industry to the same extent as in others. The cost records are a part of the financial records. The manufacturer is interested only in ascertaining the cost of producing a thousand feet of lumber. As lumber manufacturing is a continuous process, dealing with only one raw material, having a substantially

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accurate record of that material consumed, and accurate records of the quantity of finished product, the method, outlined here of keeping the books, gives a fairly accurate cost for each thousand feet of lumber produced. As all grades and sizes come from the same raw material, and go through the same manufacturing processes, it is evident that the cost of producing a thousand feet of lumber is the same regardless of grade or size.

In discussing material, labor and manufacturing expense in the lumber industry, it must be remembered that the information it is desired to obtain is the cost of producing a board foot of lumber, or as it is generally stated, a cost per thousand feet. If this is borne in mind, a large portion of the difficulties encountered in the cost records will vanish.

The total cost of producing the lumber is divided as follows:—

**Logging:**

- Cost of logs skidded.
- Cost of logs transported to mill.

**Sawing:**

- Cost of lumber sawn.

**Yard:**

- Cost of lumber piled in yard.

Stated briefly the system provides for the charging of the costs directly to each operation, the recording of quantities produced, the reducing of the costs of each operation to average costs per thousand feet board measure or log measure as the case may be.

### 3A. COST ACCOUNTING FOR LABOR

In the Province of Quebec, forest labor engaged on producing saw logs, is remunerated on a basis of so much per month of 26 days. The men are also boarded free.

All our employees are hired before going into the camp and a proper Employment Contract made out. This shows the wage rate and any standard deductions. The employee's number is placed on this contract and he will keep the same number for as long as he works for the company. If, after he has left the company, he returns at a later date, he will still use the same number. This contract is made out in quadruplicate, one copy for the office, one for the camp clerk, one for the employee, and the fourth is sent to the Government.

The payroll procedure outlined below may seem crude in comparison with the procedure in other industries. It has two advantages. It is simple, easily understood by the foremen and employees. The method also easily lends itself to distribution of the labor costs to the proper operations.

The basis of the system is the daily labor report. Each operation or group of operations, is in charge of a foreman whose duty it is to compile the daily labor report. On this report spaces are provided for the date, men's number, operations the men are engaged on and hours worked by each man. The daily labor reports are turned in to the camp clerk at the close of each working day. The camp clerk then transfers the time from the daily labor report to the employee's time sheet.

A time sheet is made up for each employee. On this form the camp clerk records daily the time the man has worked on each operation. At the end of the payroll period, the camp clerk totals the number of days for

## COST ACCOUNTING FOR SPRUCE LUMBER MANUFACTURERS

each operation, inserts the rate, and calculates the wages earned by the man on each operation. The camp clerk then adds the payroll sheet, enters the deductions to be made and calculates the net amount due the employee. The payroll sheets are then sent to the office where they are checked and recapitulated to obtain the total wages payable.

The camp payroll is also dissected to obtain the man-day costs as well as the labor costs of each operation. A summary of the labor costs of each department is made and entered on a form designed for accumulating monthly totals. The monthly totals are journalized and the proper operating accounts debited, the corresponding credits going to the payroll accrued or other accounts. Since the same form is used for the two sets of records, the amounts charged to camp costs must necessarily be the same as the total amount credited to the payroll accrued account.

The saw-mill and yard labor costs are gathered in the same way with the exception, however, that the employees punch time clocks and that they are paid on a day-rate basis. The foreman, also, turn in daily to the time clerk the daily labor report which mentions the operations the men worked on during the day. The total time is compared with that shown by the clock card and, if there is any difference, the daily labor report is brought into agreement with the clock cards. From then on the procedure is the same as previously described.

### 3b. COST ACCOUNTING FOR STORES

For many economic reasons, of which perhaps the chief is the fact that saw-mills are often isolated, a lumber manufacturing company has to carry a large inventory of logging tools and equipment, mill supplies, food, hay, feed, etc.

The company whose system is discussed in this paper, stores all its supplies in a building called the headquarters storehouse. Likewise all stores inventories are controlled by a storehouse control account which is charged with all purchases and credited as supplies are issued and charged to appropriate operating accounts.

The system of accounts for stores provides for perpetual inventories which are shown by stock records.

All transactions involving materials are based on written orders which must be approved by the foreman in charge of each camp or mill.

The accounting records for purchases and stores are simple and the routine is set in motion by the making of a requisition by a camp or saw-mill clerk, on the storehouse. The requisition must be authorized by the foreman in charge and signed by the employee who takes delivery of the materials. The stores clerk then computes the cost of the merchandise, makes the necessary entries on the stores ledger, and charges the proper department with the cost of the materials on the summary of materials consumed.

When the storehouse needs articles, the stores clerk completes a requisition form and sends it to the purchasing officer. This form bears a date and number and it must contain an exact description of the merchandise needed and information as to the date wanted.

The requisition is then approved, and a purchase order made in triplicate. The original is sent to the supplier, the duplicate goes to the store-

## COST AND MANAGEMENT

house and the triplicate is filed in the purchasing department. The copy of the purchase order which is sent to the storehouse clerk does not show any price nor does it show the quantities ordered.

The materials purchased are not all intended for the storehouse. It happens very often that a certain article is needed for immediate use, or it may be advantageous, in order to save freight and extra handling expense, to instruct the vendor to ship the material ordered directly to the department concerned. In any case, whether the article purchased is shipped to the storehouse or to a camp, the clerk who receives the merchandise makes out a receiving report and sends it to the purchasing officer. This form shows the date the material was received; the name of the shipper; name of the transportation company; whether the transportation charges are prepaid or collect; and the quantity, kind and quality of the materials received. In the case of materials intended for stores, the receiving report is costed and sent back to the stores clerk and serves as a basis for his entries on the stores ledger accounts. Where the goods are delivered directly on the job, the appropriate departmental expense account is debited through the voucher register.

The system does not provide for perpetual inventories for the stores delivered to the camp for the principal reason that the period of logging is usually confined to about five or six months. Instead the camp clerk makes out an inventory of the materials on hand at the end of each month and the problem of finding the cost of the materials used during the month is then a matter of simple arithmetic.

At the end of the logging season all materials and tools on hand in the camps are returned to the headquarters storehouse. A physical inventory is taken and the materials are classified as unused or used according to the condition of the various articles. Unused articles are valued at the cost at which they were issued from the headquarters storehouse. Used equipment are valued proportionately to their general condition. The worn out articles are not inventoried at all. The inventory is used as a basis to debit the headquarters storehouse account and credit the stores in camp account with the materials returned. The balance of the stores in camp account will then represent the value of the articles consumed during the season.

The expenses of repairing the worn out equipment are charged to the equipment salvaged account. The equipment is then appraised after repairing and the value credited to this account and charged to the headquarters storehouse account. Any balance remaining on the account is transferred to general logging expense.

In forest operations commissaries are known as wannigans or vans. The van is a store for supplying goods to the camp employees. All the goods which are sent to the vans are debited at retail sales prices from the headquarters storehouse. The clerk is responsible for the goods at those prices or for the cash. The greater portion of the goods sold is charged to the men on the semi-monthly time sheets sent to the head office by the camp clerk. The van account is credited with the cash paid in or deducted from the payrolls. At the close of the season, the unsold goods are returned to the storehouse and credited to the van account at retail prices thus showing no profit in the woods. The profit on van operations, shown on the



## COST ACCOUNTING FOR SPRUCE LUMBER MANUFACTURERS

storehouse monthly summary of goods issued, is credited to logging general expenses.

At the end of every month, the stores clerk prepares a summary of the materials requisitioned by the camps or the saw-mills. The report gives the following information:—

### Logging:

- Cost of tools and supplies issued to each camp.
- Cost of food issued to the camp boarding house.
- Cost of horse feed issued to each camp.
- Cost of goods supplied to the vans.

### Saw-Mills:

- Cost of tools and supplies requisitioned.

### Yard:

- Cost of tools and supplies requisitioned.

The information supplied by this summary is then used to credit stores and debit the proper operating accounts.

### 3c. COST ACCOUNTING FOR MANUFACTURING EXPENSE

The basic principal of distributing manufacturing expense is to use some tangible element in the job as a basis of comparison by which to measure the indirect expense which should be charged against it. In lumber manufacturing certain expenses can be charged directly to the job, others are direct expenses of the tract on which the lumber is cut, and the element used for allocating the balance of the manufacturing expense is the thousand feet of lumber produced by each division.

Items of manufacturing expense such as supplies, repairs, etc., which can be allocated directly to the operations where they are used are so distributed on the records. The expense of the blacksmith shop, machine shop and other maintenance departments are kept separately from the expenses of the manufacturing departments. Work performed by the service departments for the production departments is apportioned to the latter, monthly, proportionately to the value of the services rendered.

Manufacturing expense and its distribution does not present a problem in saw-mill and yard operations as it does in logging. The general factory office salaries and expenses, taxes, insurance and the like can be distributed directly to the various mills. They are considered as only adding a certain amount per thousand feet to the cost of the lumber sawn.

The problem of distributing logging expense between each district or subdivision of the organization, so that each will bear its just share of the burden, is a little more difficult and one that seldom admits of an absolutely accurate solution.

Overhead expenses, as distributed in our woods accounting methods, are divided under two general headings, namely: controllable and non-controllable. The controllable expenses are items which lend themselves to control by the officers of the company, and non-controllable are expenses which may be fixed, or may vary, because of factors over which the management has a very limited control. The controllable and non-controllable accounts are listed below. The element used for allocating expense between each camp is set-up opposite each item.

## COST AND MANAGEMENT

Controllable	Element Used:
1—Foreman - - - - -	Direct
2—Scalers' Salaries - - - - -	Direct
3—Clerks' Salaries - - - - -	Direct
4—Camp Repairs - - - - -	Direct
5—Cruising - - - - -	Direct
6—Portaging - - - - -	Direct
7—Managers' and Superintendents' Salaries -	Thousand Feet
8—Office Staff Salaries and Expenses -	Thousand Feet
9—Stores and Office Expenses -	Thousand Feet
10—Apportioned Service Department Costs -	Direct
11—Salvaged Equipment Expenses -	Thousand Feet
12—Insurance - - - - -	Direct
13—Depreciation - - - - -	Direct
14—Depletion - - - - -	Direct
<b>Non-Controllable</b>	
1—Stumpage - - - - -	Thousand Feet
2—Ground Rent - - - - -	Timber Tract
3—Forest Fire Protection - - - - -	Thousand Feet
4—Taxes: Municipal and School - -	Timber Tract
5—Workmen's Compensation - - -	Direct Labor
6—Other Unforeseen Charges - - -	Direct

Due to the fact that a major part of the woods operations are on lands leased from the provincial government, the above non-controllable expenses are more or less fixed.

### Shut-down Expenses:

When a saw-mill ceases to operate, certain charges which are beyond the control of management, such as taxes, insurance, watchman and some wages continue to accrue. Such expenses incurred during the cessation of operations are known collectively as shut-down expenses.

We deal with shut-down expenses in the following manner:—

During the operating months, there is credited to a reserve account and debited to the operating accounts, a sum estimated to be sufficient to provide for manufacturing expenses during shut-down periods. Those expenses when actually incurred are charged to "Reserve for shut-down expense account."

### 3d. COST ACCOUNTING FOR BY-PRODUCTS

The principal by-products arising from saw-mill operations are strips for the lath mill and sawdust which is used for fuel.

No charges are made for the lath strips and no operation is credited on account of them, but the labor of gathering them and all the expenses of conveying them to points where they can be profitably worked are charged to the by-product.

We do not charge any manufacturing expenses to the lath, save those directly incurred in its manufacture, on the theory that overhead, like raw material, should come out of the contents of the log.

### 4. PRODUCTION REPORTS

#### Logs Cut in Woods:

The woods department's production is reported to the office by the

## COST ACCOUNTING FOR SPRUCE LUMBER MANUFACTURERS

scalers who measure the contents of the various sizes of logs by the board foot, and by the cubic foot, as soon as a rollway is completed. The scale bills (board measure) are sent to the office where they are checked and entered in a monthly log summary, which shows for each camp, the monthly result of logging operations and cumulative totals to date. This summary also serves as a basis for calculating the depletion charge for the lumber cut by each camp.

The cubic foot reports are sent to the provincial government which uses them to figure the stumpage charge for lumber cut on Crown lands.

### The Mill-cut:

We have seen that the lumber is measured as it comes off the trimmer saws. The tally sheets are sent to the office where the computations are made and the daily production is entered in the monthly record of mill-cut.

The logs sawn are counted as they reach the saw and this information is also entered in the monthly record.

This record also serves as a basis to charge the mill with the cost of the logs sawn. To obtain this figure, we need to know the total footage of the logs sawn, and we arrive at it by multiplying the number of pieces sawn by the average number of feet of lumber per log. This figure multiplied by the camp costs gives the amount to be charged to the mill.

### 5. DEPRECIATION AND DEPLETION

Lumber manufacturing is a natural resource industry. In common with mining and other industries exploiting natural resources, it is necessary for the company to deplete its timber lands each year as they are used. This is done by a depletion charge based upon the estimated quantity of the standing timber on a limit, the cost of the limit and the quantity of lumber cut during a given year.

The method of calculating the depletion charge per thousand feet is expressed by the formula:—

$$\frac{\text{Cost of timber land}}{\text{Quantity of timber}} \times$$

The total quantity of timber cut in a given period.

If the cruising has been well done, no method is more accurate than this. It is easily applied and easily verified.

Depreciation offers no more of a problem in lumber manufacturing than in any other industry. The method the company uses to depreciate its plants is the production method otherwise known as depreciation by the available supply. The theory underlying this method is that the plant investment should be absorbed into operations in the same proportion as the lumber to be manufactured by that plant is exhausted. The operation of the method is simple. The quantity of lumber to be manufactured by the plant is known. It is the same quantity as that used for depletion calculations. The cost of the plant is known. The salvage value of the mill is deducted from the cost of the plant and the rate per thousand feet is then obtained by dividing the depreciable value of the mill by the estimated quantity of lumber to be cut. This rate applied to the footage sawn during the year, results in the annual charge for depreciation.

### 6. THE BUDGET

The preparation of a budget for a spruce lumber manufacturing company, operating in the northeast, depends largely upon business conditions.

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## COST ACCOUNTING FOR SPRUCE LUMBER MANUFACTURERS

In active and prosperous times, normal production is used as the whole basis of operations and the sales estimate is adjusted accordingly. Conversely, in the years where business conditions are uncertain, potential sales are sometimes used as a basis. In general, however, it can be said that the sales estimate has a small influence in the preparation of the budget, for the main reason that it takes from six to nine months to produce dry lumber ready to be utilized.

The process of preparing the budget is set in motion by a resolution of the Board of Directors which sets out the quantity of lumber to be sawn and the areas on which the timber is to be cut.

It is assumed here that the budget as a whole is patterned on the production estimates.

The operating budget is divided in two sections, namely, the woods operations budget and the saw-mill budget.

### **Woods Operations:**

The first thing to be done is to survey the different areas where the operations will be conducted. The Woods Superintendent sends out a cruising party on each location and its job is to bring back the following information:—

An estimate of the standing timber.

The length of the roads to be built.

An estimate of the expenses of building or repairing the camps.

The length of the haul from the skidways to the main stream or saw-mill as the case may be.

In the case of water driven wood, the length of the drive and the probable expenses of clearing the stream.

The information supplied by the cruising parties forms the basis for the building of the operating budget. The next step is to calculate the labor, supplies and expense estimates.

### **Labor Estimate:**

The labor estimate is first computed in man-days. Past experience is the basis of such estimated costs. Man-day costs are used because the rates and conditions of labor vary from season to season, thereby causing the money costs to be an unreliable medium for measuring efficiency.

After the man-day costs are ascertained, the money costs are computed by applying the rates of pay which are likely to exist during the season.

### **Horse Hire Estimate:**

The horse hire estimate is figured in the same manner as the labor estimate. The horse-days are ascertained and the money costs are computed by applying the rates which are likely to exist during the season.

### **Food and Feed Estimate:**

This estimate is based upon information supplied by the labor and horse hire budgets. The quantity costs are based on past experience, and the money costs are arrived at by applying the current prices to these quantities.

### **Tools and Supplies Estimate:**

The next estimate to prepare is that of the equipment, tools and supplies which will be used on the different jobs. Here again the quantity of lumber to be cut, the number of men employed and past experience are all used to determine the quantities which will be needed. The money costs are

## COST AND MANAGEMENT

then computed by applying the inventory or purchase prices to these quantities.

### **Woods Operating Budget:**

All the periodic totals of the estimates mentioned previously are transferred to this budget, and to these figures, are added the manufacturing expense items such as: taxes, insurance, scalers' expenses, workmen's compensation, forest fire protection, supervision, etc. This completes the woods budget.

### **The Saw-Mill Budget:**

The methods employed in preparing the saw-mill estimates are the same as those used in computing the logging figures. The woods operations budget gives us the amount of lumber to be sawn by the mills. We know also, from past experience, how many men are needed to operate the saw-mills, and the production capacity of each plant. This forms the basis for Direct Labor Estimate:

The labor estimate is first computed in man-days. The money costs are obtained by applying the rates of pay expected to prevail.

### **Manufacturing Expense Estimate:**

This estimate comprises such items as: repairs to buildings and machinery, supplies, taxes, insurance, etc. Past experience and the length of time the mill is expected to operate are used to calculate the variable items. preparing the following estimates:—

### **Yard and Transportation Expense Estimate:**

The principal items under this heading are the saw-mill yard expenses and the transportation expenses to the main yard. Past experience is used here because these expenses vary in direct proportion to the amount of lumber manufactured.

### **Service Departments Expense Estimate:**

The expenses of the resaw-mill, the machine shop and the blacksmith shop come under this heading. We do not attempt, on the budget, to allocate these expenses to the various producing departments, because it involves a good deal of work and the statement would be too complicated.

### **The Saw-mill Budget:**

This budget is a summary of all the periodic totals of the estimates mentioned previously.

### **The Master Operating Budget:**

The periodic totals of the woods and the saw-mills budget are brought together and these two sets of figures form the master operating budget.

### **The Master Budget:**

The master budget comprises the operating, sales, financial and administrative expense estimates.

The sales manager is now able to prepare the sales estimate, the treasurer knows how much money will be needed and when it will be needed.

The three departmental heads and the officer in charge of budgeting then get together and co-operate in preparing the master budget which is presented to the management for revision and approval.

We now come to the most important part of budgeting and that is the controlling of the expenditures. In order to have an adequate control of costs, the departmental heads are held responsible for the performance of their respective department.

## COST ACCOUNTING FOR SPRUCE LUMBER MANUFACTURERS

At the end of every month, a statement is sent to each camp foreman which shows the camp's production, the actual expenses, the budget allowed and the variations from the budget. A similar combined report, for all camps, is made for the woods superintendent. The same monthly report is made for each saw-mill, and a summary of all these reports is made for the general manager.

These reports enable the management to follow-up any unfavorable variances from the budget.

If certain unfavorable variances are caused by exceptional circumstances, such as an unusually heavy snow fall, and have a material effect upon production or expenses, the budget is revised and brought in line with actual conditions.

### 7. MANUFACTURING STATEMENTS

Cost statements are submitted every month. In order to show all the information that is desired, and yet at the same time, be quite easy to follow we prepare three separate statements.

**Statement No. 1**—Shows the costs of the logs skidded and the costs of the logs hauled to the mill or to the main stream, as the case may be.

**Statement No. 2**—Shows the total landed costs of each camp, viz: cost of wood hauled, plus, drive expenses, and its apportioned manufacturing expense. This statement shows also the quantity and cost of logs transferred to each saw-mill. The specimen attached hereto shows only two camps. In practice this statement includes as many camps as there are in a division.

**Statement No. 3**—Gives the details of the saw-mill and yarding costs.

### 8. OPERATING LEDGER ACCOUNTS

Camp:	Saw-Mill:
Labor—Cutting	Cost of logs
Skidding	Direct labor
Hauling	Mill Office Salaries
Roads	Supplies
General	Board
Foremen	Workmen's Compensation
Board	Insurance
Horse Hire	Taxes
Tools and Supplies	Horse Hire
General Expenses	Travelling Expenses
Tractor Expenses	Portage Expenses
Portage Expenses	General Expenses
Payments to Jobbers	Depreciation
	Lumber Hauling and
	Stacking Labor
River Drive Wages	Lumber Hauling Expenses
River Drive Expenses	Tractor Expenses
	Yard Expenses
Lake Drive Wages	Freight
Lake Drive Expenses	Car Loading Expenses
	Main Yard Labor
Culling Expenses	
Workmen's Compensation	
Taxes	

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Stumpage	Lath Mill Labor
Ground Rent	Lath Mill Expenses
Superintendent	
Forest Fire Protection	Resaw-Mill Expenses
Depreciation	Machine Shop Expenses
Depletion	Blacksmith Shop Expenses
	Barn Expenses

Logs transferred to saw-mill

Applied—Resaw Mill
Expenses
Machine Shop
Expenses
Blacksmith Shop
Expenses
Barn Expenses

## 9. GLOSSARY—LUMBER TERMINOLOGY

**Board foot**—The contents of a board one inch thick, twelve inches wide, twelve inches long.

**Buggey**—A small two wheel cart used for transporting lumber in a lumber yard.

**Cruise, to**—To estimate the amount and value of standing timber.

**Culler**—See Scaler.

**Deals**—A piece of sawn lumber over 6 feet long, 3 inches thick.

**Depletion**—The amount by which standing timber is reduced by cutting.

**Edger**—A machine consisting of adjustable saws for sawing boards into desired widths, and for removing waste edges from boards.

**Footage**—The number of board-measure feet in any given quantity of lumber or logs.

**Grade, to**—To sort lumber into various classes.

**Landing**—A place to which logs are hauled or skilled preparatory to transportation by water.

**Laths**—Thin, narrow strips of wood used in building operations.

**Log Carriage**—A machine in a saw-mill used for carrying the logs through the saw.

**Log Deck**—An inclined platform parallel with the endless chain bringing logs to the saw, on which the logs are rolled from the chain, and on which the logs rest until they are pushed on the carriage.

**Logging**—A general term for all operations in the preparation of the logs in the forest and transporting them to a mill.

**Log Scale**—The contents of a log or a number of logs considered collectively.

**Pile**—A stack of lumber in the yard.

**Portage**—The transportation of men, equipment and supplies to and from logging areas.

**Rollway**—See Skidway.

**Resaw-mill**—The place where the deals are resawn into boards.

**Scale**—To measure the volume of logs.

**Scaler**—One who determines the volume of logs.

**Skid**—To draw logs from the stump to the skidway, landing or mill.

**Skidway**—Two logs laid parallel at right angles to a road, usually raised



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## COST AND MANAGEMENT

above the ground at the end nearest to the road. Logs are usually piled upon a skidway as they are brought from the stump.

**Stumpage**—The price per thousand feet paid to the provincial government for the lumber cut on Crown lands.

**Wannigan or Van**—The small store in a logging camp in which clothing, tobacco and medicine are kept to supply the crew.

Unfortunately it was not possible to reproduce the forms supplied.—Ed.

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## Chapter Notes

### Hamilton Chapter.

The Hamilton Chapter will commence its season on Wednesday, October 8th, when a discussion meeting will be held. The subject for discussion will be on "How Can the Work of Accountants and Payroll Men in Connection With Unemployment Insurance Be Lightened". It is felt that some suggestions can be made which may meet with the approval of the Unemployment Insurance Commission in this regard.

### Kitchener Chapter.

The Kitchener Chapter will meet for the first time this season on Thursday, October 9th, with a meeting similar to the one outlined for the Hamilton Chapter.

### London Chapter.

London Chapter will open the season on Thursday, September 25th, when the speaker will be W. I. Hetherington, C.A., Regional Inspector for Ontario of the Unemployment Insurance Commission, and he will speak on the Act and its Regulations. It will be remembered that Mr. Hetherington addressed meetings sponsored by the Society throughout Ontario on this subject in June last. At that time London Chapter had already arranged a meeting and it was not possible to have Mr. Hetherington there at that time. The meeting will be held at the Hotel London and the largest meeting in the history of the chapter is anticipated.

### Windsor Chapter.

The Windsor Chapter will hold its first meeting on Thursday, September 25th, at the Norton Palmer Hotel, when the speaker will be Mr. C. J. England, of Silverwood Dairies Ltd., London, and his subject, "Depreciation". Mr. England is the popular Vice-Chairman of the London Chapter and the Windsor members promise him a warm welcome.

### Ottawa Chapter.

The Ottawa Chapter will commence operations on Monday, October 20th, with a discussion meeting similar to those outlined for the Hamilton and Kitchener chapters. This chapter, formed only last December, gives evidence of being one of our very strongest chapters before long.

### Niagara Chapter.

The Niagara Chapter will open its season on Tuesday, October 21st, at the Leonard Hotel, St. Catharines, when a discussion meeting will be held. Subject, "Amendments to the Unemployment Insurance Act Regulations".

## HAMILTON CHAPTER GOLF TOURNAMENT

### Hamilton Chapter Annual Golf

The Annual Golf Tournament of the Hamilton Chapter was held on September 23rd, at the Burlington Golf and Country Club, and while the attendance was only fair, those who did attend enjoyed themselves immensely.

The highlight of the proceedings was the donation to the chapter for annual competition of a handsome silver cup by member Stan Stott.

This trophy, which will be awarded annually to the low net golfer, is an exquisite piece of work and was much admired even by those who had little chance of winning it.

It was a grand afternoon and the winner turned up in Wes. Coombe, popular Vice-Chairman of the Hamilton Chapter Student Section.

Stan Stott, who, at the invitation of the chairman, made the presentation, congratulated the winner and said that it was good, after fifteen years of membership, to finally obtain a place at the head table with the rest of the Society reprobates. He voiced the thought that if some other member would donate a trophy for the low gross winner "everything in the garden would be lovely".

The chapter will award a replica of the Stott trophy annually to the winner for permanent possession.

Later it was announced that Walter H. Furneaux, Honorary Treasurer of the Society and popular Hamilton member, would next year award a trophy for the low gross winner.

Other prize winners were:—Low net, J. M. Dingwall; 2nd low gross,

## MEMBERSHIP FEES

MEMBERS WHOSE MEMBERSHIP FEES FOR THE  
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ASKED TO KINDLY REMIT AS SOON AS POSSIBLE  
AND THUS SAVE THE SOCIETY TIME AND TROUBLE  
IN THIS CONNECTION.

## COST AND MANAGEMENT

Don. Knight; 2nd low net, C. Mitchell; 3rd low gross, F. Weston; 3rd low net, R. Morris; high gross, B. Hore; hidden hole prize, G. Gilbert; worst language on course, Stan Stott.

Charlie Wynn presided at the dinner, when he did finally arrive after being lost on the course along with Harold Wright, Walter Jardine, of the Kitchener Chapter, and Bill Seymour, and he attempted to move a vote of censure on the chapter for having started the dinner without him, but he was ruled out of order.

Harold Wright, Past Dominion President and President of the Ontario Society, spoke briefly, as did also the Dominion Secretary-Manager, and the boys then adjourned to participate in well known games of chance.

It is to be sincerely hoped that some of them enjoyed better luck on this occasion than they did at the annual meeting of the Society in June when six of them arrived home with the milkman and without the price of a cup of coffee between them.

Anyway, it was a grand day.

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## Personal Notes

Harvey Kelley, popular member of the Hamilton Chapter, has joined the King's "Navee" as a signaller. Good luck, Harvey!

F. Tancock, member of the Toronto Chapter, has been appointed Comptroller of the Canadian Line Materials Ltd., at Scarborough Junction. We extend to him sincere congratulations and best wishes for success.

Norman C. Silk, Student Member of the Windsor Chapter, is now a member of the Cost Department at the Sorel Industries Ltd., Sorel, Que. Good luck, Norman!

Which member of the Hamilton Chapter, upon arriving home after midnight from the Hamilton Chapter golf tournament, found his wife asleep in the family car outside the house? She had locked herself out.

## COST AND MANAGEMENT

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